



City of Columbus

Office of City Clerk
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Legislation Text

File #: 2690-2012, **Version:** 1

BACKGROUND: The need exists to enter into a Job Creation Tax Credit with International Business Machines Corporation. The Ohio Tax Credit Legislation (Section 718.15 of the Ohio Revised Code) authorizing such agreements became effective January 14, 1993 and requires the City to enter a Council-approved agreement between the City and a participating company.

International Business Machines Corporation (IBM) was founded in 1911 through the merger of three separate companies and is a multinational consulting and technology corporation headquartered in New York. IBM manufactures and markets computer hardware and software, along with offering consulting, hosting and infrastructure services. The company does business in 180 countries, has 12 research laboratories worldwide and for 19 consecutive years, has held the record for most patents generated by a company.

The project involves the creation of a worldwide business analytics and software development center. The Center for Advanced Analytics will operate in 30,000 square feet of additional leased space within the company's current site at 4600 Lakehurst Court. A total investment of \$3.2 million will be made for building improvements, machinery, equipment, furniture and fixtures. IBM will create 500 new full-time permanent positions and retain 671 employees.

The State of Ohio has offered a sixty percent (60%), eight (8) year Job Creation Tax Credit to IBM.

FISCAL IMPACT: No funding is required for this legislation.

To authorize the Director of the Department of Development to enter into a Job Creation Tax Credit Agreement of sixty-five percent (65%) for a period of six (6) years with International Business Machines Corporation in consideration of the company's investment of \$3.2 million in building improvements, machinery, equipment, furniture and fixtures and the creation of 500 new permanent full-time positions and the retention of 671 existing positions.

WHEREAS, pursuant to Section 122.17 of the Ohio Revised Code, the State of Ohio is authorized to establish the Tax Credit Authority and to execute agreements with taxpayers of the State of Ohio for the purpose of granting these tax payers job creation tax credits against their corporate franchise tax or income tax, which tax credits are provided to create new jobs in the State of Ohio; and

WHEREAS, pursuant to Section 718.15 of the Ohio Revised Code (the "City Act") a municipal corporation is authorized to grant local income tax credits to taxpayers who have received tax credits from the State; and

WHEREAS, contingent on the City granting a Job Creation Tax Credit for the expansion and equipping of 30,000 square foot of additional leased space at 4600 Lakehurst Court, the creation of 500 new permanent full-time positions and the retention of 671 existing permanent full-time positions, with a total annual payroll of \$115.7 million, International Business Machines Corporation will make a fixed-asset investment of approximately \$3.2 million including: \$1.6 million for building improvements, \$1.1 million in new machinery and equipment; and \$500,000 in furniture and fixtures and to increase job opportunities and strengthen the economy of the city; and

WHEREAS, receiving these tax credits from the State and the City is a critical factor in International Business Machine Corporation's decision to go forward with the project in Columbus; and

WHEREAS, the City desires to increase employment opportunities and encourage the creation of new jobs in the City in order to improve the overall economic climate of the City and its citizens; and

WHEREAS, the Department of Development has received completed applications for a Job Creation Tax Credit; and

WHEREAS, International Business Machines Corporation has indicated that a Job Creation Tax Credit is crucial to its decision to locate the aforementioned corporate headquarters facility in Columbus; and

WHEREAS, the City of Columbus desires to facilitate International Business Machines Corporation's future growth at the project site; **NOW THEREFORE**,

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF COLUMBUS:

Section 1. That the City hereby finds and determines that the project will (1) create jobs in the State and City; (2) the project is economically sound and will benefit the people of the State and City by increasing opportunities for employment and strengthening the economy of the State and City; and (3) receiving the aforementioned tax credits is a critical factor in the decision by International Business Machines Corporation to go forward with the project.

Section 2. That the City Council hereby finds and determines that the project meets all the requirements of the City Act.

Section 3. That the Director of the Department of Development is hereby authorized and directed to enter into and execute a Job Creation Tax Credit of sixty-five percent (65%) of the amount of personal income tax withheld on new employees for a term of six (6) years with International Business Machines Corporation.

Section 4. That the City of Columbus Job Creation Tax Credit Agreement is signed by International Business Machines Corporation within 90 days of passage of this ordinance, or this ordinance and the credit herein shall be null and void.

Section 5. That this ordinance shall take effect and be in force from and after the earliest period allowed by law.